

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. NO. 2980-05
BILL NO. HCS for HB 1254
SUBJECT: Bonds - Bail; Crimes and Punishment
TYPE: #CORRECTED
DATE: February 7, 2000

FISCAL SUMMARY

#To reflect correct dates.

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	#FY 2001	#FY 2002	#FY 2003
Insurance Dedicated Fund	\$15,653	\$15,638	\$14,770
Criminal Record System	\$199,225	\$304,702	\$301,856
General Revenue	less than (\$100,000)	less than (\$100,000)	less than (\$100,000)
Total Estimated Net Effect on <u>All</u> State Funds	\$114,878 to \$214,878	\$220,340 to \$320,340	\$216,626 to \$316,626

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	#FY 2001	#FY 2002	#FY 2003
None			
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	#FY 2001	#FY 2002	#FY 2003
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses

This fiscal note contains 8 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials of the **Department of Insurance (INS)** stated that their department would have additional revenue and expenses associated with licensing Recovery Agents. The INS currently licenses approximately 90 General Bail Bond Agents and 700 Bail Bond Agents.

It is estimated there would be 250 Recovery Agents. The fees are set to cover the costs of licensing Recovery Agents and have been estimated at \$350, with renewal fees set at \$250. In addition, INS would incur contract computer programming costs of \$24,000 to revise the existing MIDS system for Recovery Agents and training courses. This would result in \$87,500 additional revenue the first year.

INS officials assume they would request two (2) Insurance Licensing Technician IIs (2 FTE at \$23,472 per year) to implement this proposal. The Insurance Licensing Technician IIs would have the responsibility to review and process original applications and annual renewal applications for Recovery Agents. This process is not currently automated and requires manual review of forms and fees for accuracy and completeness. The second Technician would review training course curriculum to approve courses for the INS. There would be numerous courses and providers in constitutional law, legal proceedings, weapons, defensive tactics, first aid, etc., which would require ongoing review and/or approval.

INS officials stated that their department currently licenses approximately 800 bail bond agents. **Oversight** assumes that INS would be adding additional licensees to an existing licensure process and assumes INS could implement this proposal with one (1) Insurance Licensing Technician II. If the workload should increase significantly, INS could request additional resources through the budgetary process. **Oversight** has also adjusted fees to \$300 for initial licensure and \$200 for renewal, to more closely correspond with adjusted expenses for one FTE.

Officials from the **Department of Public Safety (DPS)** stated there is no clear-cut source for how many private security providers there are in the state. Based on information received from varying sources within the private security field, it is estimated there are 1,000 companies and 30,000 individuals that would be affected by this legislation.

To implement the proposal, DPS officials assume they would need 16 additional staff. These staff would include one Director (1 FTE at \$50,000 per year) for the overall management of the program, one Educational Coordinator (1 FTE at \$30,000 per year) to oversee the training of the licensees, one Investigator Supervisor (1 FTE at \$36,000 per year) to manage investigations, three Investigators (3 FTE, each at \$30,000 per year) to conduct investigations of complaints,
ASSUMPTION (continued)

one License Unit Supervisor (1 FTE at \$36,000 per year) to manage the licensing of security providers, one Certified Public Accountant (1 FTE at \$36,000 per year) to supervise the management of licensing fees, two Accountant Is (2 FTE, each at \$30,000 per year) to manage licensing fees and six Clerk Typist IIIs (6 FTE, each at \$19,294.75 per year) to provide support to the program. DPS has requested associated expense and equipment, including four new vehicles, meeting expenses for the Board of Private Investigator Examiners and office space for the new FTE, resulting in total annual costs of approximately \$750,000 per year.

DPS officials did not address the revenue resulting from licensure fees. **Oversight** assumes fees would be set to cover the costs of regulation, resulting in a net fiscal impact of \$0.

Oversight assumes that implementation of the proposal would create a large workload during the initial approval and application process, based on the number of licensees. However, after the process is in place, the ongoing licensing process of the private investigators should be considerably less. Oversight has adjusted the staffing needs to remain consistent with last year's proposal. Due to the larger estimate for potential licensees, Oversight has included the six Clerk Typist III positions, but did not include the Certified Public Accountant and Accountant I positions. Additionally, Oversight has adjusted expenses to include temporary clerical assistance during the initial licensing process, as well as during the annual renewal process. Also, Oversight assumes the additional staff would be located in existing facilities and has not included rental costs in the fiscal impact specifications below. Finally, Oversight assumes the Investigator and the Investigator Supervisor would need a vehicle and therefore, has adjusted costs to include only two vehicles. Adjusted costs for the DPS would be approximately \$500,000, but would be offset by the licensure fees.

NOTE: There is a difference in number of additional FTE included in the fiscal impact specifications in this proposal and a similar proposal last year. This is due to an estimated 30,000 licensees, rather than the 20,000 estimated last year.

In a similar previous proposal, officials from the **Department of Public Safety - Missouri State Highway Patrol (MHP)** assumed an estimated 30,000 investigators would be affected by this legislation and would be required to submit to a fingerprint check annually. State fingerprint checks take 12.49 minutes per check. Therefore, 4 FTE would be needed to perform the related checks in a timely manner ($30,000 \text{ checks} \times 12.49 \text{ minutes per check} = 374,700 \text{ minutes}$ divided by 400 working minutes per day = 936.75 days divided by 232 working days per year = 4.04 FTE). These FTE would require standard office equipment and expenses. In addition, one AFIS workstation would be needed. The additional staff requested includes two Fingerprint ASSUMPTION (continued)

Technicians to enter, search, determine matches and verify that prints have been submitted, one

L.R. NO. 2980-05
BILL NO. HCS for HB 1254
PAGE 4 OF 8
February 7, 2000
#CORRECTED

AFIS Entry Operator to classify fingerprints, search criminal history database, run criminal history records against information submitted and run rap sheets (if required) and one Quality Control Clerk to review rap sheet prior to release, obtain missing information from courts, prosecutors, or law enforcement, update criminal history and respond to any record challenges.

NOTE: The costs submitted by the MHP have been updated to reflect the processing of 30,000 fingerprints, rather than 20,000, as assumed in a similar previous proposal.

MHP officials assume they would collect a \$14 fee for each state fingerprint check performed. Based on the updated estimate of 30,000 investigators, this would result in annual revenue of \$420,000.

Officials from the **Office of the Secretary of State (SOS)** assume the proposed legislation would require the printing of additional pages in the *Missouri Register* and the *Code of State Regulations* and have estimated a publishing cost of \$5,181.50 for FY 01. Additionally, future costs are unknown and depends upon the frequency and length of rules filed, amended, rescinded or withdrawn.

While this bill alone would not require SOS to acquire additional staff, SOS assumes the cumulative effect of other bills that require rulemaking may, in the aggregate, necessitate additional staff.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriations process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

Officials from the **Office of State Courts Administrator (CTS)** assume the proposal could have an impact on the number of civil and criminal trials, depending upon how it is implemented. If there is a significant increase in the number of cases going to trial, there would be a corresponding increase in state and local costs for the judiciary.

Officials from the **Office of the Attorney General (AGO)** assume that costs of handling any licensing matters could be absorbed with current resources.

DESCRIPTION (continued)

Officials from the **Office of State Public Defender (SPD)** assume that existing staff could provide representation for those 20-40 cases arising where indigent persons were charged with

the new crimes of being a Bail Bondsman without a license, for acting as Surety Recovery Agent without a license, for acting as a Private Investigator without a license, for placing fraudulent information on application to become a Private Investigator. However, passage of more than one similar bill would require the SPD to request increased appropriations to cover the cumulative cost of representing the indigent accused in the additional cases.

Officials from the **Department of Revenue (DOR)** and the **Office of Prosecution Services (OPS)** assume this proposal would have either minimal or no fiscal impact on their agencies.

Officials from the **Department of Corrections (DOC)** stated that they could not predict the number of new commitments which could result from the creation of the offense(s) outlined in this proposal. An increase in commitments would depend on the utilization by prosecutors and the actual sentences imposed by the court. If additional persons were sentenced to the custody of the DOC due to the provisions of this legislation, the DOC would incur a corresponding increase in operational costs either through incarceration (average \$35.61 per inmate, per day) or through supervision provided by the Board of Probation and Parole (average of \$2.47 per offender, per day). Supervision by the DOC through probation or incarceration would result in some additional costs, but DOC officials assume that the impact would be \$0 or a minimal amount that could be absorbed with existing resources. **Oversight** assumes this proposal would have minimal impact on the prison or probation populations. The exact cost cannot be determined, but is expected to be less than \$100,000 annually.

<u>FISCAL IMPACT - State Government</u>	#FY 2001 (10 Mo.)	#FY 2002	#FY 2003
INSURANCE DEDICATED FUND			
<u>Income - Department of Insurance (INS)</u>			
License Fees/Renewals	\$75,000	\$50,000	\$50,000
<u>Costs - INS</u>			
Personal Service (1 FTE)	(\$20,049)	(\$24,660)	(\$25,276)
Fringe Benefits	(6,165)	(7,583)	(7,772)
Expense and Equipment	(33,133)	(2,119)	(2,182)
Total <u>Cost</u> - INS	(\$59,347)	(\$34,362)	(\$35,230)
<u>FISCAL IMPACT - State Government</u>	#FY 2001 (10 Mo.)	#FY 2002	#FY 2003
ESTIMATED NET EFFECT TO INSURANCE DEDICATED FUND	<u>\$15,653</u>	<u>\$15,638</u>	<u>\$14,770</u>

L.R. NO. 2980-05
 BILL NO. HCS for HB 1254
 PAGE 6 OF 8
 February 7, 2000
 #CORRECTED

CRIMINAL RECORD SYSTEM FUND

Income-Missouri State Highway Patrol

Fingerprint Check Fees	\$420,000	\$420,000	\$420,000
------------------------	-----------	-----------	-----------

Costs-MHP

Personal Service (4 FTE)	(\$64,226)	(\$78,999)	(\$80,974)
Fringe Benefits	(24,657)	(30,328)	(31,086)
Expense and Equipment	(131,892)	(5,971)	(6,084)
Total <u>Costs</u> - MHP	(\$220,775)	(\$115,298)	(\$118,144)

ESTIMATED NET EFFECT TO CRIMINAL RECORD SYSTEM FUND

<u>\$199,225</u>	<u>\$304,702</u>	<u>\$301,856</u>
-------------------------	-------------------------	-------------------------

GENERAL REVENUE FUND

Income - Department of Public Safety (DPS)

License Fees/Renewals	\$495,226	\$494,575	\$507,369
-----------------------	-----------	-----------	-----------

Costs - DPS

Personal Service (11 FTE)	(\$254,344)	(\$312,844)	(\$320,666)
Fringe Benefits	(78,211)	(96,200)	(98,605)
Expense and Equipment	(162,671)	(85,531)	(88,098)
Total <u>Costs</u> - DPS	(\$495,226)	(\$494,575)	(\$507,369)

Costs- Department of Corrections (DOC)

less than (\$100,000)	less than (\$100,000)	less than (\$100,000)
--------------------------	--------------------------	--------------------------

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND

less than (\$100,000)	less than (\$100,000)	less than (\$100,000)
----------------------------------	----------------------------------	----------------------------------

FISCAL IMPACT - Local Government

#FY 2001 (10 Mo.)	#FY 2002	#FY 2003
----------------------	----------	----------

0	0	0
---	---	---

FISCAL IMPACT - Small Business

Bail fugitive recovery agent companies which are small businesses would be impacted by training, licensing fees, and additional bonding requirements outlined in this proposal.

DESCRIPTION

This bill contains provisions relating to bail bonding agents and private investigators:

- (1) States the requirements for a bail bond to be valid;
- (2) Establishes qualifications of a person wishing to act as a surety agent;
- (3) Specifies what is a breach of the undertaking of bail and if a defendant is found to be in violation, allows the surety to take custody;
- (4) Requires surety agents to be provided with copies of arrest warrants or copies of the undertaking upon surrender of defendants. Courts having jurisdiction are required to order that the surety be exonerated from liability upon surrender of the defendant;
- (5) Allows surety agents to apprehend defendants anywhere within the state. After apprehending a person, the surety must notify the local law enforcement agency where the apprehension occurred;
- (6) Requires the court to give the surety notice of the defendant's court appearance;
- (7) Allows the court, upon failure of the defendant to appear, to order the forfeiture of bond, and order an execution hearing. A judgment of forfeiture is prohibited under certain circumstances;
- (8) Requires bail agents and insurers to issue receipts when receiving collateral for services;
- (9) Lists the types of bonds which may be used to post bail on arrest warrants or other undertakings;

DESCRIPTION (continued)

- (10) Sets requirements to be eligible to be licensed bail bond agents or recovery agents;
- (11) Requires persons wishing to be bail bond agents to make application with the Department of Insurance and meet certain requirements established by the bill;

(12) Prohibits certain persons from becoming bail bond agents or from receiving any benefits from the execution of any bail bond;

(13) Sets the percentage rates for bonds;

(14) Requires individuals who engage in the business of private investigation to have a private investigator's license;

(15) Creates a Board of Private Investigator Examiners with the duty to govern the application, manner of training and certification of trainers, and licensure of private investigators; and

(16) Permits the board to suspend or revoke a private investigator's license for various violations of prohibited conduct, after notice and an opportunity for hearing.

The bill contains penalty provisions.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space

This proposal would affect Total State Revenues.

SOURCES OF INFORMATION

Department of Insurance
Department of Public Safety
Department of Public Safety - Missouri State Highway Patrol
Office of the Secretary of State
Office of State Courts Administrator

L.R. NO. 2980-05
BILL NO. HCS for HB 1254
PAGE 9 OF 8
February 7, 2000
#CORRECTED

Office of the Attorney General
Office of State Public Defender
Department of Revenue
Office of Prosecution Services
Department of Corrections

A handwritten signature in black ink, appearing to read "Jeanne Jarrett". The signature is stylized with a large, circular initial "J" and a long, sweeping horizontal stroke at the end.

Jeanne Jarrett, CPA
Director
February 7, 2000